

|| WEEKLY NEWS HIGHLIGHTS ||

BANGLADESH ENTERPRISE INSTITUTE (BEI)

|| Brief Highlights on Current Issues of South Asia ||

|| 18 October—25 October , 2023 ||

BUSINESS AND INVESTMENT

NO IMF-PRESCRIBED REFORM BEFORE ELECTIONS; IMF AGREES; IMF MAY DISBURSE USD 650MN BY DECEMBER 2023; JICA COMMITS USD 50MN LOAN TO BSRM STEELS; TWO CHINA FIRMS OFFER USD 4.9B BID;

The government has informed the International Monetary Fund (IMF) that it would not initiate any major reforms to enhance foreign exchange reserves and revenue earnings and reduce subsidies before the upcoming parliamentary elections. However, the government promised that drastic reforms would be undertaken after the polls scheduled in January. The IMF also agreed that it would not be possible to bring about any key reforms before the polls. So, it is going to set new targets for the USD 4.7bn loan and the goals will have to be adopted after the new government comes to office, said an official of the finance ministry.

Bangladesh may receive USD 650mn by December in a second tranche from a USD 4.7bn worth of IMF loan package, as hectic negotiations on the prerequisites yield positive signals. The visiting staff mission of the Washington-based global lender will sit with the Finance Division for a wrap-up discussion today (Thursday) where the team could give positive hints to the government on the upcoming tranche, a Ministry of Finance (MoF) official said Wednesday.

The Japan International Cooperation Agency (Jica) has committed a USD 50mn loan to private sector firm BSRM Steels Limited for the construction of an environmentally sustainable steel plant, marking the first instance of Jica's loans to a private sector manufacturing company in Bangladesh. This investment is a strategic move aimed at rejuvenating Bangladesh's private sector, as emphasised by Jica in a statement published on its website. Jica signed the loan agreement on 4 October. A ceremony to commemorate the signing was held in Mirsharai of Chattogram on 17 October. The total project cost for the steel plant amounts to USD 108mn, equivalent to BDT 1,188 crore at the current exchange rate, with Jica contributing nearly half of the required funding.

Two Chinese state-owned companies bid for the largest-ever Bangladesh rail project, costing USD 4.9bn, that will connect Dhaka with Pyra Port at the backwater southern coast. Official sources have said China Railway Design Corporation (CRDC) and China Harbour Engineering Company Ltd sent a proposal to Bangladesh Railway (BR) recently on the latest megaproject under supplier credit. However, the Economic Relations Division (ERD) suggests that Bangladesh Railway (BR) goes for concessional loan first before seeking supplier credit that involves higher interest.

<https://www.thedailystar.net/business/economy/news/no-imf-prescribed-reform-elections3446996>

<https://today.thefinancialexpress.com.bd/first-page/imf-may-disburse-650-million-by-december1697652451>

<https://www.tbsnews.net/economy/industry/bsrm-steels-gets-game-changing-50m-jica-loan724130>

<https://today.thefinancialexpress.com.bd/first-page/two-china-firms-offer-49b-bid1698171784>

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Bangladesh

PM LIKELY TO VISIT SAUDI ARABIA FROM NOVEMBER 6 TO 8; INDO-PACIFIC REGION: WE WANT COOPERATION, NOT CONFRONTATION: FRANCE ENVOY TO BANGLADESH; CHINA STANDS BY BANGLADESH WITH 'CHINA SOLUTION': ENVOY; BANGLADESH OBSERVES DAY OF MOURNING FOR PALESTINIANS.

Shekh Hasina, the Prime Minister of Bangladesh, is expected to attend the International Conference on Women in Islam. The program is scheduled to be held on November 6–8. Meanwhile, the prime minister will visit Brussels, Belgium, later this month to attend the Global Gateway Forum 2023 on October 25–26. The PM will return to Bangladesh on October 27, as told by Dr. AK Abdul Momen, the Foreign Minister of Bangladesh. The PM will meet some European leaders on the sidelines of the forum. However, the forum aims at bringing world leaders together to discuss global investment in infrastructure-related issues.

France focuses on a cooperative Indo-Pacific region rather than the confrontational approach emphasized by Marie Masdupuy, the French ambassador to Bangladesh. Masdupuy addressed the ongoing strategic and geopolitical competition between the USA and China, threatening other small states to turn around and pick a side. The ambassador highlighted the recent French President's "third way" issues with creating rule-based democratic principles across the region to lead these small states to a neutral corner. The ambassador expressed that Bangladesh-France ties have always been friendly and independent. Moreover, the ambassador reminded reporters of Bangladesh's commitment to purchasing ten Airbus and the second Bangabandhu satellite. She added that the bilateral trade between the two countries amounts to about 5 billion euros, with the majority of French imports being garments.

Bangladesh is blessed with abundant solar, wind, and tidal-flat resources that can meet the immense power demand of the country, according to Yao Wen, Chinese Ambassador to Bangladesh. He said that China has been a trusted partner for Bangladesh. Therefore, China can help Bangladesh through sharing technology to capitalize on their resources, which he identified as the "China Solution" During the Cox's Bazar Wind Power Project ceremony, Ambassador Yao said new energy is the key sector of China-Bangladesh economic cooperation. Both the Ambassador and Md. Habibur Rahman, Senior Secretary of Power Division, promised that they would further advance high-quality Belt and Road cooperation, give full play to the advantages of economic complementarity between the two countries, and step up cooperation in the new energy sector.

Bangladesh is observing a Day of Mourning today for the Palestinians killed in recent Israeli attacks. All government, semi-government, autonomous, and private institutions and Bangladesh missions abroad are keeping the national flag at half-mast in observance of the mourning day. Sheikh Hasina, the Prime Minister of Bangladesh, addressed the program and expressed condemnations against such ruthless Israeli bombing in Gaza that has killed at least 4186 people so far. More than one million people have been displaced in the Palestinian enclave, estimated by the UN, she highlighted.

<https://www.thedailystar.net/news/bangladesh/diplomacy/news/pm-likely-visit-saudi-arabia-nov-6-8-3449051>

<https://www.thedailystar.net/news/bangladesh/news/bangladesh-observes-day-mourning-palestinians-3448911>

<https://www.thedailystar.net/news/bangladesh/diplomacy/news/indo-pacific-region-we-want-cooperation-not-confrontation-3448026>

<https://www.thedailystar.net/news/bangladesh/diplomacy/news/china-stands-bangladesh-china-solution-envoy-3441981>

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AFGHANISTAN: EU CONTRIBUTES 10 MILLION EUROS TO IMPROVE MENTAL HEALTH, DRUG USE DISORDER SERVICES IN AFGHANISTAN; UN SPECIAL COORDINATOR: GOOD PROGRESS HAS BEEN MADE IN AFGHANISTAN, ESPECIALLY IN SECURITY AND STABILITY

The European Union has released an additional 10 million euros (an equivalent of 800 million Afghanis) to improve mental health and addressing drug use disorders in Afghanistan. This additional EU funding will ensure that the World Health Organization (WHO) and the United Nations Office on Drugs and Crime (UNODC) will provide wider access to mental health and drug abuse treatment and rehabilitation services for vulnerable populations in Afghanistan, including to women and girls, EU said in a statement on Wednesday.

Feridun Sinirlioğlu, the special coordinator of the United Nations for Afghanistan affairs and his accompanying delegation, in a meeting with Deputy Prime Minister for Administrative Affairs Maulvi Abdul Salam Hanafi on Monday said that, good progress has been made in Afghanistan, especially

in the field of security and stability has been established. At the same time, Deputy Prime Minister for Administrative Affairs Maulvi Abdul Salam Hanafi, while welcoming them, said: "The Islamic Emirate seeks positive interaction with the world in an atmosphere of mutual respect and interaction, and such meetings between the officials of the Islamic Emirate and the United Nations are aimed at resolving misunderstandings.

<https://www.ariananews.af/eu-contributes-10-million-euros-to-improve-mental-health-drug-use-disorder-services-in-afghanistan/>

<https://www.ariananews.af/un-special-coordinator-good-progress-has-been-made-in-afghanistan-especially-in-security-and-stability/>

NEPAL: ELECTRICITY EXPORT TO BANGLADESH UNLIKELY THIS YEAR

Nepali officials are unsure about exporting 40MW of electricity to Bangladesh this wet season ending at the end of November, as two sides are yet to negotiate the applicable tariff. In fact, officials at the Nepal Electricity Authority (NEA) said that they have not had any response from the Bangladeshi side on purchasing Nepal's power, even though the two sides had earlier signed a five-year power sale deal for export of 40MW power from Nepal to Bangladesh.

" When the two sides reach a meeting point, a tripartite agreement involving India, the transit country for Bangladesh-bound electricity, has to be signed.

During their bilateral meeting in May, Nepal and Bangladesh had agreed to make efforts to start exporting power to Bangladesh through India's transmission infrastructure starting this wet season. Adhikari said the NEA was unaware of the recent

developments with regard to signing the power sale deal with Bangladesh.

" Earlier, Ghising told the Post that the Bangladeshi side had notified the NEA that its power entity was seeking clearance from the political authorities of the May agreement. Nepal plans to offer a reasonable tariff as a friendly gesture, as it will be a government-to-government deal, Ghising earlier told the Post.

<https://kathmandupost.com/money/2023/10/21/electricity-export-to-bangladesh-unlikely-this-year>

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PAKISTAN: GOVT WORKING ON WAR FOOTING TO WIPE OUT POLIO: GOVERNOR; BALOCHISTAN MINISTER ASKS PARTIES NOT TO PATRONISE 'ILLEGAL IMMIGRANTS'

Khyber Pakhtunkhwa Governor Haji Ghulam Ali here on Tuesday highlighted the role of women workers in polio eradication and said that government was working on war footing to wipe out the crippling disease. Addressing the ceremony, the governor highlighted the services of media, medical professionals, ulema, teachers and civil society in polio eradication. He said that government is working on a war footing to wipe out polio. He was addressing a ceremony held at Gomal University on Tuesday in connection with World Polio Day.

Addressing a joint press conference along with Sindh Home Minister retired Brig Haris Nawaz, he said that some political parties in Balochistan were also talking against the action against illegal immigrants and added

that it was the decision of the state to deport aliens belonging to different countries. Interim home minister says lists of aliens being compiled in Sindh He said that there was only one week left for illegal immigrants to leave the country voluntarily. The Sindh home minister said that the illegal residents had been given a deadline to leave the country voluntarily and added that the provincial government was ready to provide facilities to them.

<https://www.dawn.com/news/1783437/govt-working-on-war-footing-to-wipe-out-polio-governor>

<https://www.dawn.com/news/1783230/balochistan-minister-asks-parties-not-to-patronise-illegal-immigrants>

SRI LANKA: CABINET GREENLIGHTS MEASURES TO BOLSTER TOURISM; SL TO SET-UP 'ANTI-NARCOTIC COMMAND' TO CAPTURE DRUGS COMING FROM OVERSEAS

Minister of Tourism and Lands Harin Fernando presented these proposals to enhance the country's appeal to tourists and improve its competitive edge in the region. The first approved proposal involves launching a pilot project to grant free tourist visas to visitors from seven countries. Furthermore, approval was granted for the introduction of a single payment package ticket that allows foreign tourists access to world heritage sites and historical places.

Additionally, tourists will have the option to buy railway coach tickets online or at the airport, providing a one-time ticket solution for their travel needs.

Sri Lanka is to establish a unit named 'Anti-Narcotic Command' with the help of foreign intelligence services to arrest drugs brought to Sri Lanka from foreign countries, President's Senior Adviser on National Security and Chief of Presidential Staff Sagala Ratnayake said yesterday.

He also said that this will enable the three armed forces and the State Intelligence Service to provide the necessary facilities to carry out the relevant raids.

Mr. Ratnayake said this while observing the recently seized 200 kilos of heroin worth about 4 billion rupees brought to Colombo port yesterday (24 October, 2023). He also mentioned that the necessary draft laws for the establishment of this 'anti-drug' unit are currently being prepared and will be submitted to Parliament in the future.

<https://www.dailymirror.lk/breaking-news/Cabinet-greenlights-measures-to-bolster-tourism/108-269871>

<https://www.dailymirror.lk/print/front-page/SL-to-set-up-Anti-Narcotic-Command-to-capture-drugs-coming-from-overseas/238-269903>

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INDIA: CIVILIAN CASUALTIES IN ONGOING ISRAEL-PALESTINE CONFLICT MATTER OF SERIOUS, CONTINUING CONCERN: INDIA TELLS UN SECURITY COUNCIL ; INDIA SET TO OVERTAKE JAPAN TO BECOME WORLD'S THIRD-LARGEST ECONOMY BY 2030: S&P GLOBAL

India has voiced deep concern over the deteriorating security situation and large-scale loss of civilian life in the ongoing Israel-Palestine conflict, urging the parties to work towards creating conditions necessary for peace and restarting direct negotiations through de-escalation and ending violence. "India is deeply concerned at the deteriorating security situation and large-scale loss of civilian lives in the ongoing conflict.

India urged the parties to work towards creating conditions necessary for peace and for restarting direct negotiations including through de-escalation and eschewing violence. "Current escalation has once again underscored the need for immediate resumption of credible, direct negotiations between Israel and Palestine.

Ravindra said India has always supported a negotiated two-state solution to the Israel-Palestine issue, leading to the establishment of a sovereign, independent and viable state of Palestine, living within secure and recognised borders, side by side in peace with Israel, taking into account the legitimate security concerns of Israel.

After two years of rapid economic growth in 2021 and 2022, the Indian economy has continued to show sus-

tained strong growth during the 2023 calendar year.

"The near-term economic outlook is for continued rapid expansion during the remainder of 2023 and for 2024, underpinned by strong growth in domestic demand," S&P Global said.

The acceleration of foreign direct investment inflows into India over the past decade reflects the favourable long-term growth outlook for the Indian economy, helped by a youthful demographic profile and rapidly rising urban household incomes.

This rapid pace of economic expansion would result in the size of the Indian GDP exceeding Japanese GDP by 2030, making India the second largest economy in the Asia-Pacific region," it said.

<https://www.telegraphindia.com/world/civilian-casualties-in-ongoing-israel-palestine-conflict-matter-of-serious-continuing-concern-india-tells-un-security-council/cid/1975202>

<https://www.telegraphindia.com/business/india-set-to-overtake-japan-to-become-worlds-third-largest-economy-by-2030-sp-global-market-intelligence/cid/1975187>

About Us

Bangladesh Enterprise Institute is a non-profit, non-political research centre. Established in October 2000, the Institute has established for itself a reputation for excellence in its research and advocacy work focusing on the growth of private enterprise in Bangladesh. The Institute promotes issues of importance to the private sector and seeks to initiate essential measures and influence policy for the development of a market-oriented economy. Through the promotion of sustainable growth in domestic trade, commerce and industry, BEI hopes to address the enormous challenge for Bangladesh in securing a fair share of the global market.

BEI has a particular interest in the support and growth of Small and Medium-Sized Enterprises (SMEs), which have the potential to be the engine of economic growth in Bangladesh. BEI also undertakes research and policy advocacy work focusing on the issues of foreign policy and security, particularly those of terrorism impacting Bangladesh and South Asia.

Being conscious of the enormous challenge to securing a fair share for Bangladesh in the global market as well as to address issues of trade and investment promotion, the Bangladesh Enterprise Institute (BEI) was established under the initiative of some leading business personalities of the country. Salman F. Rahman, Deputy Chairman of the BEXIMCO Group, has been working as the Chairman of the Board of Governors, Ambassador Farooq Sobhan, former Foreign Secretary and Ambassador, and past Executive Chairman of the Board of Investment, has been working as a Distinguished Fellow and Member of the Board of Governors of the institute and M Humayun Kabir, former Ambassador, has been working as the President and Chief Executive of the institute.

The institute is registered with the Registrar of Joint Stock Companies, Bangladesh, under the Societies Registration Act.

DISCLAIMER

In compiling this weekly news update, BEI has attempted to include the most relevant news accounts from the past week concerning South Asian Region. From time to time, news beyond South Asia has also been included if it finds relevance on any issues to the region. We recognize that some developments may have been overlooked, and that some sources may not be viewed by all as credible or balanced. Inclusion of a news story and its summary does not constitute any kind of endorsement or position taken by BEI, and the text and positions included in the above are solely extracted from various news articles published in the print media in various countries in South Asia and beyond. If you have any comments or feedback for us regarding this digest, please email at bei@bol-online.com. For more information about BEI and our work, please visit <https://www.bei-bd.org/>

Contact Us

Phone :

+ (88 02) 2222 62645
+ (88 02) 2222 92662
+ (88 02) 2222 96805
+ (88 02) 2222 92663

Fax : + (88 02) 2222 88583

Email : bei@bol-online.com

Address 1 :

Apt.: 2B, House: 2D, Road: 73-G, Gulshan 2, Dhaka-1212, Bangladesh

Address 2 :

Ground Floor, House No. 3/A, Road No. 84, Gulshan 2, Dhaka-1212, Bangladesh



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Bangladesh Enterprise
Institute